

Message Text

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TAGS: ELAB, SW

SUBJ: NATIONAL CONTRACT NEGOTIATIONS: POST-MORTEM

REF: STOCKHOLM 2175

1. SUMMARY: A LAST-DITCH MEDIATED SETTLEMENT ON MAY 26 FINALLY BROUGHT AN END TO 7 MONTHS OF TORTUOUS UNION-MANAGEMENT NEGOTIATIONS COVERING PRIVATE INDUSTRY THAT, IN THE FINAL STAGES, HAD SWEDEN TEETERING ON THE EDGE OF THE WORST LABOR CONFLICT IN ALMOST 70 YEARS. IT WAS AN UNUSUAL DEPARTURE FROM THE WELL-POLISHED IMAGE OF SWEDEN AS A MODEL OF STABLE, PEACEFUL INDUSTRIAL RELATIONS. THIS SUDDEN BREAK WITH EXPERIENCE WAS BROUGHT ABOUT, NOT SURPRISINGLY, BY A CONJUNCTION OF SPECIAL ECONOMIC AND POLITICAL CIRCUMSTANCES AND AN ADMISTURE OF STRONG PERSONALITIES.

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2. BUT ALL'S WELL THAT ENDS WELL. NO ONE WAS REALLY HURT. THE TWO SIDES PROBABLY GOT THE BEST DEAL POSSIBLE. WORKERS MAY SUFFER A SMALL DROP IN THEIR HIGH LIVING STANDARDS WHILE EXPORT INDUSTRIES ARE PROBABLY NO WORSE OFF THAN BEFORE. THE GOVERNMENT ESCAPED A NASTY LABOR CONFLICT AND IMPROVED ITS IMAGE BY DISPLAYING RESPECT FOR FREE COLLECTIVE BARGAINING THROUGH STICKING FIRMLY TO A POLICY OF NON-INTERFERENCE.

END SUMMARY.

3. FROM THE STANDPOINT OF THE UNIONS, THE BLUE-COLLAR LO AND THE WHITE-COLLAR PTK, THE NEGOTIATIONS BEGAN AND CONTINUED UNDER THE MOST INAUSPICIOUS OF CIRCUMSTANCES. THE TALKS OPENED LAST NOVEMBER NOT LONG AFTER THE FIRST NON-SOCIALIST GOVERNMENT IN MORE THAN FOUR DECADES HAD BEEN VOTED INTO OFFICE. NO LONGER DID LO POSSESS A CLOSE ALLY IN THE SEATS OF POWER. FURTHERMORE, SWEDEN WAS SETTling MORE AND MORE DEEPLY INTO ITS WORST POSTWAR RECESSION MARKED BY A SERIOUS DECLINE IN EXPORTS THAT WAS BEING BLAMED LARGELY ON SURGING LABOR COSTS - MORE THAN 40 PERCENT IN TWO YEARS. ALL THIS PLACED THE UNIONS IN A DEFENSIVE POSTURE AND REPRESENTED A SHARP REVERSAL FOR A LABOR MOVEMENT THAT FOR MANY YEARS HAD BEEN STEADILY EXPANDING AND CONSOLIDATING ITS STRENGTH AND WHICH FIRMLY BELIEVED THAT IT WAS ON THE EVE OF EVEN GREATER BREAKTHROUGHS IN THE FORM OF CO-DETERMINATION AND ECONOMIC DEMOCREACY (I.E., WAGE-EARNER FUNDS).

4. THE FIRST SHOCK FOR THE UNIONS WAS NOT LONG IN COMING. IT ARRIVED IN THE FORM OF A RINGING DECLARATION BY CURT NICOLIN, THE AGGRESSIVE NEW CHAIRMAN OF THE HERETOFORE AMENABLE SWEDISH EMPLOYERS CONFEDERATION (SAF), THAT THERE WAS NO ROOM FOR WAGE INCREASES OF ANY SIZE UNLESS THE UNIONS AGREED TO COLLABORATE IN MEASURES TO RAISE PRODUCTIVITY AND REDUCE ABSENTEEISM. FEW AGREE TO THIS DAY WHETHER THIS TACTIC SOFTENED OR HARDENED UNION ATTITUDES, BUT IT DID PROVOKE A TERRIBLE OUTCRY FROM THE UNION SIDE.

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5. THERE HAS ALSO BEEN A GREAT DEAL OF SPECULATION REGARDING THE MOTIVES OF NICOLIN, A HARD-DRIVING CHIEF EXECUTIVE OF ASEA, A SELF-MADE MAN AND FREE-ENTERPRISER PAR EXCELLENCE. SOME CLAIM THAT NICOLIN AND A SMALL HAWKISH FACTION WITHIN SAF DELIBERATELY WANTED TO PROVOKE A GENERAL STRIKE WHICH, THEY BELIEVED, WOULD SOON DEplete UNION STRIKE FUNDS, FORCE A RETURN TO WORK AND WEAKEN THE UNION MOVEMENT FOR YEARS TO COME. ACCORDING TO THIS SCENARIO, NICOLIN AND HIS LIKE-MINDED COLLEAGUES SEE THE TRADE UNION MOVEMENT AS THE SPEARHEAD OF A SWELLING SOCIALISTIC TREND, AND THEY FIGURED THAT THE DEPRESSED ECONOMY AND THE PRESENCE OF A NON-SOCIALIST GOVERNMENT PROVIDED THE IDEAL CONDITIONS FOR A CONFRONTATION AND A HUMBLING OF THE LABOR MOVEMENT. IN ANY CASE, THINGS DID NOT TURN OUT THAT WAY AND, IN THE END, IT BECAME CLEAR THAT THE MODERATE MAJORITY WITHIN THE EMPLOYER GROUP SIMPLY DID NOT WANT A MAJOR CONFLICT.

6. ON THE UNION SIDE, LO AND PTK HAD SUCCEEDED AFTER 20 YEARS OF EFFORT IN CREATING A UNITED BARGAINING FRONT. IN THE LAST WEEKS OF NEGOTIATIONS, THIS PARTNERSHIP TURNED INTO A TRAP FOR

LO, FORCING IT TO SUPPORT PTK DEMANDS WITH WHICH IT DID NOT SYMPATHIZE AND DRAGGING IT STEP BY STEP INTO A STRIKE WHICH IT DESPERATELY WANTED TO AVOID. THE CONFLICT BECAME APPARENT AFTER THE MEDIATORS' FIRST BID ON MAY 10. (ITS TERMS WERE ALMOST IDENTICAL WITH THE FINAL MEDIATION PROPOSAL THAT WAS ACCEPTED TWO WEEKS LATER.) LO PRESIDENT GUNNAR NILSSON CONCEDED PUBLICLY THAT THE BID DIFFERED FROM LO'S DEMANDS BY ONLY A HALF PERCENTAGE POINT AND MADE IT CLEAR THAT HIS ORGANIZATION WAS NOT PREPARED TO LAUNCH A STRIKE BOR SUCH SMALL STAKES. SAF ALSO MADE CONCILIATORY NOISES, BUT PTK LEADER INGVAR SEREGARD TURNED THE BID DOWN FLAT ON THE GROUNDS THAT IT REDUCED WHITE-COLLAR COMPENSATION FOR WAGE DRIFT IN THE LO SECTOR FROM 100 PERCENT IN THE PREVIOUS CONTRACT TO 80 PERCENT AND THAT IT FAILED TO PROVIDE SATISFACTORY INCREASES TO PTK'S LOW-PAY GROUPS.

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7. AN INTELLIGENT, DETERMINED AND COOL OPERATOR, SEREGARD ALSO HAD HIS OWN FISH TO FRY. AS HEAD OF PTK, HE HAS BEEN TRYING FOR YEARS TO CONVERT AN AD HOC BARGAINING CARTEL INTO A PRIVATE SECTOR WHITE-COLLAR FEDERATION THAT WOULD BE VIRTUALLY AUTONOMOUS WITHIN THE CENTRAL ORGANIZATION OF SALARIED EMPLOYEES (TCO) AND, OF COURSE, PROVIDE A POWER BASE FOR HIMSELF.

8. AT THIS POINT, THE NEGOTIATIONS TURNED INTO A DUEL BETWEEN TWO STRON-WILLED INDIVIDUALS, NICOLIN AND SEREGARD, BOTH CLAIMING TO FIGHT FOR PRINCIPLES, WITH NILSSON CAUGHT UNCON- FORABLY IN THE MIDDLE. WHAT FOLLOWED WAS A CONFUSING SERIES OF MOVIES - SELECTIVE STRIKES, BANS ON OVERTIME, FINAL MEDIATOR BIDS WHICH TURNED OUT NOT TO BE FINAL, STRIKE DEADLINES DECLARED AND WITHDRAWN - IN SUM, A WAR OF NERVES THAT CULMINATED WITH A SAF WARNING OF A MAJOR LOCKOUT AGAINST SALARIED EMPLOYEES, IF THE LATTE HAD BEEN ALLOWED TO OCCUR, THERE WOULD HAVE BEEN LITTLE CHANCE OF TURNING BACK. WHAT HAD BEEN LARGELY LIMITED OFFICIAL USE

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SHADOW-BOXING UNTIL THEN WAS TURNING INTO A REAL FIGHT, AND LO FINALLY DECIDED THAT THINGS HAD GONE FAR ENOUGH. IT ISSUED AN ULTIMATUM CALLING UPON SAF TO ACCEPT THE LAST MEDIATOR PROPOSAL WITHOUT RESERVATIONS. THE MESSAGE, HOWEVER, WAS MAINLY DIRECTED AT PTK, A SIGNAL TO SEREGARD THAT LO WAS READY TO SIGN WITH OR WITHOUT HIM. THE END CAME QUICKLY AFTER THAT WITH BOTH NICOLIN AND SEREGARD ISSUING STATEMENTS THAT THEY HAD COMPROMISED TO SAVE THE ECONOMY - SEREGARD ADDING THAT HE HAD ALSO DONE SO TO PRESERVE PTK'S COOPERATION WITH LO.

9. DURING THE EARLY MONTHS OF NEGOTIATION, LO PRESIDENT NILSSON ENGAGED IN A DIFFICULT BALANCING ACT BETWEEN HIS DUAL ROLE OF LABOR LEADER AND SOCIAL DEMOCRATIC POLITICIAN. KNOWING FULL WELL THAT THERE WAS LITTLE ROOM FOR WAGE INCREASES, HE WAS AWARE AT THE SAME TIME THAT A MODEST SETTLEMENT WOULD BE A FEATHER IN THE CAP OF THE NON-SOCIALIST GOVERNMENT. HE TRIED TO WORK HIS WAY THROUGH THIS DILEMMA BY BEING REASONABLE AT THE BARGAINING TABLE WHILE PUBLICLY ACCUSING THE FALLDIN REGIME OF BEING IN CAHOOTS WITH THE EMPLOYERS AND PURSUING ECONOMIC POLICIES THAT PLACED THE WHOLE BURDEN OF RECOVERY UPON THE WAGE-EARNERS.

10. THE ACT FAILED AS FAR AS THE GOVERNMENT IS CONCERNED. ALREADY HARASSED BY MANY OTHER PROBLEMS, THE GOVERNMENT EMERGED FROM THE NEGOTIATIONS WITHOUT ADDITIONAL BRUISES AND, IN FACT, LOOKING PRETTY GOOD. DESPITE ITS FEARS OF A GENERAL STRIKE, IT MAINTAINED A STUDIED SILENCE THROUGHOUT AND INSISTED THAT THE PARTIES UNDER SWEDEN'S FREE COLLECTIVE BARGAINING SYSTEM HAD THE RESPONSIBILITY OF REACHING AN AGREEMENT ON THEIR OWN. IF THE AGREEMENT SHOULD TURN SOUR FOR ONE SIDE OR THE OTHER, NEITHER WILL HAVE ANY GROUNDS TO BLAME THE RULING COALITION.

11. THE RESULTING ONE-YEAR AGREEMENT, RETROACTIVE TO MAY 15, WAS AN OBVIOUS COMPROMISE IN JUST ABOUT EVERY RESPECT. EMPLOYERS COMPLAINED ABOUT THE RISE IN LABOR COSTS WHICH NICOLIN SAID WOULD RESULT IN BANKRUPTCIES AND HIGHER UNEMPLOYMENT AND THE LIMITED OFFICIAL USE

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UNIONS PREDICTED AN EROSION OF REAL WAGES. THE FACT IS THAT THE ECONOMIC PIE HAS BECOME SMALLER AND BOTH SIDES WERE FORCED TO TIGHTEN THEIR BELTS FOR THE FIRST TIME IN MANY YEARS. BLUE AND WHITE-COLLAR WORKERS GAINED A WAGE INCREASE OF ABOUT 7 PERCENT AND THE PROMISE OF AN ADDITIONAL ONE PERCENT IN THE EVENT THAT THE COST-OF-LIVING-INDEX SHOULD RISE BY MORE THAN 8.6 PERCENT BY AUGUST 1, A VIRTUAL CERTAINTY. IN THE BLUE-COLLAR AREA, THE FIGURE INCLUDED A WAGE-DRIFT COMPONENT OF 3 PERCENT WHICH INDICATES HOW NARROW (4 PERCENT) WAS THE SPACE FOR BARGAINING. NON-WAGE LABOR COSTS (EMPLOYER CONTRIBUTIONS FOR SOCIAL BENEFITS) ARE GOING UP THIS YEAR BY ABOUT 3.5 PERCENT; THUS TOTAL LABOR COSTS FOR 1977 UNDER THE NEW AGREEMENT WILL AMOUNT TO BETWEEN 10.5-11.5 PERCENT. AS A FACE-SAVER FOR THE EMPLOYERS, THE AGREEMENT ALSO INCLUDED PROVISIONS FOR THE ESTABLISHMENT OF TWO JOINT LABOR-MANAGEMENT COMMITTEES, ONE TO STUDY PRODUCTIVITY AND THE OTHER ABSENTEEISM.

12. THE FATE OF REAL WAGES IS HARD TO PREDICT. A CUT IN CENTRAL GOVERNMENT INCOME TAXES THIS YEAR ADDED ABOUT 7 PERCENT TO TAKE-HOME PAY. PART OF THIS AMOUNT, HOWEVER, WAS WIPED OUT BY A SOMEWHAT SMALLER INCREASE IN LOCAL GOVERNMENT TAXES. DEVALUATION AND A 3 PERCENT BOOST IN VALUE ADDED TAX WILL PROBABLY JACK UP THIS YEAR'S COL INDEX TO ABOUT 13 PERCENT. LO HAS FORECAST A DECLINE IN REAL WAGES OF APPROXIMATELY 2 PERCENT AND THIS IS AS GOOD A GUESS AS ANY.

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13. ABOUT ALL ONE CAN SAY WITH RESPECT TO SWEDISH EXPORTERS IS THAT THE AGREEMENT HAS PROBABLY IMPROVED THEIR RELATIVE POSITION A BIT COMPARED TO WEST GERMANY, THEIR CHIEF RIVAL, NOT WORSENE IT IN RELATION TO OTHER OECD COUNTRIES BUT WIDENED THE GAP WITH THE U.S. AND GREAT BRITAIN.

14. A NEW INDUSTRIAL RELATIONS LAW WHICH WENT INTO EFFECT ON JANUARY 1 OPENED THE DOOR TO BARGAINING ON CO-DETERMINATION MATTERS. IT WAS ORIGINALLY ANTICIPATED THAT THIS SUBJECT WOULD DOMINATE 1977 NEGOTIATIONS. IN FACT, THE HEAT GENERATED BY THE PAY ISSUE PUSHED CO-DETERMINATION INTO THE SHADOWS. IN LATE APRIL, LO AND PTK PRESENTED A 100-PAGE DOCUMENT TO SAF OUTLINING THEIR DEMANDS FOR CO-DETERMINATION. THESE PERTAINED TO SIX CATEGORIES: PERSONNEL POLICY, WORK ORGANIZATION AND SUPERVISION, COMPANY MANAGEMENT, USE OF COMPUTERS, CORPORATE RELATIONS WITH SUBSIDIARIES, AND TRADE UNION EDUCATION. SAF GENERAL MANAGER CURT-STEFFAN GIESECHE REJECTED THE UNION PROPOSALS AS
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BEING "IN EVERY WAY INCONCEIVABLE AS A BASIS FOR NEGOTIATION." HE ADDED: "WHAT THE EMPLOYEE ORGANIZATION DEMAND IS NOT CO-DETERMINATION BUT A TAKE-OVER BY THE UNIONS OF THE RIGHT TO DECISION ON VITAL MANAGEMENT QUESTIONS". NEVERTHELESS, CO-DETERMINATION TALKS ARE EXPECTED TO START SHORTLY AND ARE LIKELY TO CONTINUE FOR MONTHS TO COME.

15. THIS YEAR' ROUND OF BARGAINING IS STILL FAR FROM COMPLETE. CENTRAL GOVERNMENT AND LOCAL GOVERNMENT EMPLOYEE UNIONS WHICH WERE WAITING ON THE SIDELINES FOR THE PRIVATE SECTOR TO FINISH ITS BUSINESS HAVE SINCE STARTED TO NEGOTIATE. NO PROBLEMS ARE FORESEEN WITH REGARD TO CENTRAL GOVERNMENT BUT LOCAL GOVERNMENT EMPLOYEES, WHO INCLUDE SOME OF THE LOWEST PAID GROUPS IN THE COUNTRY (E.G., NURSES), HAVE PUT FORWARD A VERY STIFF WAGE CLAIM AND THERE MAY BE SOME FIREWORKS IN THE SECTOR.

16. COMMENT: SWEDEN'S VAUNTED NEGOTIATIONS SYSTEM HAS EMERGED FROM THIS BARGAINING ROUND SOMEWHAT BATTERED BUT STILL INTACT. HOWEVER, THE LENGTH AND COMPLEXITY OF THE PROCEDURE HAS STARTED TO RAISE PERSISTENT QUESTIONS ABOUT THE NEED FOR REFORMS, PARTICULARLY AS CONCERNS DECENTRALIZATION.

17. AFTER A SHORT BREATHING SPELL, BARGAINING WILL START
ONCE AGAIN IN NOVEMBER. UNLESS THERE IS A SIGNIFICANT
UPTURN IN THE ECONOMY BY THAT TIME, NEGOTIATIONS WILL PROBABLY
BE JUST AS DIFFICULT, PERHAPS MORE SO, AND THE THREAT TO
INDUSTRIAL PEACE EVEN GREATER. LO PRESIDENT NILSSON HAS WARNED
OF A "PROPER CONFRONTATION" TO PREVENT A FURTHER REDUCTION IN
REAL WAGES. LIKE THE BROOKLYN DODGER FANS OF BYGONE DAYS,
HE IS TELLING HIS PEOPLE: "WAIT UNTIL NEXT YEAR*"

PERRY

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